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April 1985
Vol. 40 No. 487

BUSINESS IN NEBRASKA

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THE FARM CREDIT SYSTEM: A LOOK TO THE FUTURE

Many leaders in the Farm Credit System believe the next decade will be a period of transition. This viewpoint is shared by farmer directors, cooperative leaders, bank officers, government watch dogs, and external experts. This somewhat surprising consensus has motivated an extensive process for designing and implementing thoughtful change. The process was conceived to consider effectively the diversity within the Farm Credit System as well as the outside influences on the System. This process is called Project 1995.

The Farm Credit System is not an easy unit to describe or understand. The System provides farmers, cooperatives, and other borrowers $80 billion in loans. While the U.S. Government has an important role in the System, it provides none of the funds. All of the funds come from financial markets in this country. The Farm Credit System and its environment can be portrayed as a giant feed mill. Human resources and funds are the primary ingredients that flow into this mill. The government role is a screening process which sets the rules for acquisition and lending of funds. In addition, government affects many other things such as the nature of growth trends in the ag economy. Business technology affects the pattern of business and the nature of markets facing farmers and cooperatives.

Project 1995 takes a detailed look at these components of the Farm Credit System. Project 1995 attempts to assess conditions in 1995. This article highlights the findings of Project 1995.

PRODUCTION AGRICULTURE AND RURAL AMERICA IN 1995

*A dual agriculture is emerging in which relatively few large farms account for most farm output and income. Those farmers who are trying to make their living from farms that are not economically viable will continue to experience problems.

*On the whole, U.S. agriculture must plan for a difficult future. However, there will be profit opportunities for innovative and progressive operators. Farmers must learn to manage risk for their personal profit.

*The farm sector will be increasingly influenced by domestic and international economic policies--including monetary policy, fiscal policy, and foreign trade policy. The domestic economy will experience steady but modest growth through 1995. Growth in real gross national product will average about 3.2 percent annually, supported by increases in the labor force and in productivity. Interest rates are expected to rise early in the forecast period because of a clash between public and private credit demands. Rates will decline after the mid 1980s as a result of easing monetary policy and lower federal deficits. Some weakness of the dollar is likely in the near future, which will bolster ag exports.

*The strong growth in ag exports of the 1970s will not be repeated, although foreign sales are expected to grow over the period. Thus, U.S. agriculture will be characterized by high stock levels and acreage controls. Potential domestic surpluses and serious debt and foreign exchange problems will keep U.S. farm income relatively low for the next several years.

*Resources will determine the level of ag production and its location. Key issues will be availability and quality of water, soil erosion, transportation deregulation, farm labor benefits, and the use of computers and professional services to enhance farm management.

*Major technological breakthroughs are not expected by 1995.

*The total number of farms will decline about 1 percent per year through 1995. The number of large farms will grow at an increasing rate, while the number of small farms will decrease at a dropping rate.

*Realized net income in 1967 dollars will be $8 to $9 billion per year, up from the $7.5 billion of the 1981-83 period, but below the levels of the 1970s.

*Production of soybeans, corn, wheat and cotton will increase significantly, mostly from improved yields.

*Major regional shifts are not likely to occur in crop production. Water availability and double-cropping will be catalysts in areas where production shifts do occur.

*Per capita consumption of beef, veal, lamb, and pork will remain at 1982 levels. Milk consumption will decline per person. Red meat exports will not change appreciably; broiler meat exports will increase significantly.

*After 1985, cattle numbers will begin to fall. Stocker programs will grow, while feeder programs will decline. After 1990, cow numbers and feedlots will hold steady; feedlots will continue to be more centralized and concentrated in the Great Plains.

*The capital requirements in agriculture will grow more slowly in the years ahead. Total assets are projected to increase about 6.5 percent annually. Non real estate assets will grow more rapidly than real estate assets. Larger farms will gain in importance. Regional differences in asset growth will also be apparent.

*Leverage for some farmers will increase as will the pressure on liquidity and incomes. Many farms will be subject to increasing financial stress. Total debt is projected to reach $465 billion by 1995, representing annual growth of 7.5 percent. Propietors' equity is expected to grow about 6.5 percent per year.

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This article is excerpted from the Project 1995 report of the Farm Credit System.

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*The competitive environment for delivering credit and capital to farmers will change markedly. The principal suppliers will remain the same, but market shares will shift in favor of lenders who can effectively segment the market, provide tailored debt packages including equity and lease capital, manage delivery costs, and use computer and communication technology. Deregulation will increase the competitive effectiveness of lenders.

*Finance and marketing skills will become more critical to future farming operations. Computer and communication technology wil facilitate this trend.

*The economies of rural America are becoming more diversified. Stabilization of ag employment and growth in manufacturing and services have stimulated non-farm income. The viability of small part time farms will depend on the availability of off-farm employment opportunities. Most of these opportunities will center around large towns. The small town or village will continue to have problems developing an economic base.

*The demand for services in rural areas will continue to multiply. If federal and state assistance to these areas diminishes as expected, the ability to generate capital will become very important. Some communities will rely increasingly on user fees and local taxes to fund operations.

THE NATURE AND ROLE OF COOPERATIVES AND AGRIBUSINESS IN 1995

*Agricultural producers will invest in cooperatives only with good service and definite economic benefit.

*Acquisition of sufficient equity capital is a significant challenge facing cooperatives.

*Local coops will decline in number. Super locals will become larger. Smaller locals will continue to serve small specialized industries.

*Regional cooperatives will decline in number, although some may become larger as restructuring continues to reduce duplication of services, products, and facilities.

*The cooperative system must give maximum economic returns to participating members.

*The trend toward consolidations, mergers, and restructuring indicates a need for larger equity investments by individual producer members and in total.

*Cooperatives want lower financial leverage because of fluctuations in inflation and real interest rates, but few have demonstrated a plan to achieve this.

*Cooperatives must decide their role in grain marketing. A unified structure would strengthen their position.

*Cooperatives and Farm Credit Banks need to deal with the inflation volatility and income and price variability.

*In 1995 farmer board members will be younger, more formally educated, and more market oriented. Boards may include outside members chosen for their business acumen.

*New market potential for Farm Credit exists mainly in providing a full range of new services, such as leasing, depository capabilities, cash management, et cetera. International financial services will be an opportunity to facilitate marketing of U.S. ag products. Information services about finance, markets, and industry will also be a major opportunity.

*A significant opportunity exists for expanding services and loan volume to rural utilities.

*Fruit and vegetable coops will purchase selected companies and develop joint venture opportunities to obtain national identification. Fresh fruits and vegetables present significant growth opportunities.

*The federal government will likely reduce its annual milk removals by several billion pounds. New technology will reduce handling costs and increase the distance that fluid milk may be hauled.

*Meat packing has undergone structural changes because of economies of size, technological changes, and the breakdown of the nationwide wage scales. Cooperatives are reducing their involvement.

*Rural utilities will continue to develop joint ventures with investor-owned utility companies.

*Grain and oilseed marketing must adapt. Local elevators must merge to compete.

*Marketing orders will survive with removal of powers objectionable to consumer advocates. Marketing orders will be used in new ways, such as facilitating market information and price discovery, and to promote demand.

*The majority of ag exports (low value bulk commodities) are expected to expand during the next decade at about one-half the rate of the 1970s. Firms operating in industries with excess capacity cannot expect quick relief through export expansion.

*Interest is strong in high value products (HVP) such as meats, beverages, fruits, vegetables, flour, and animal feeds. The U.S. share of HVP world exports is only 10 percent and is projected to remain at that level through the 1990s unless special marketing efforts are made.

*There is an urgent need for a long term comprehensive ag policy.

*Expanding demands are projected for oilseeds, grain, fresh fruits and vegetables, cheeses, livestock feed, seed, and rural utilities. Relatively static demands are projected for cotton, fluid milk, red meat, fertilizer, and petroleum. The demand for canned fruits and vegetables will likely decline.

*Transportation costs will continue to rise. An adequate transportation infrastructure (highways, ports, railroads, locks, and dams) is vital to contain long run transportation costs.

FINANCIAL MARKETS AND INSTITUTIONS IN 1995

*The private savings rate in the U.S. will likely remain low compared with other industrialized countries and will be inadequate to fund the needs of both private and public sectors. This will make economic recoveries more difficult to sustain.

*The federal deficit is projected to average about 5 percent of GNP for the next several years. A growing part of the federal deficit will be due to transfer payments which do not add to economic growth.

*Several financial groups will become more important sources of capital for the U.S. economy: domestic non-bank financial institutions, public and private pension funds, and foreign institutions. Commercial banks and other depository organizations will continue to be important sources of capital, but will account for a smaller percentage of total invested funds.

*Foreign loan problems will induce many banks to concentrate more on domestic loans and loans to relatively safe nations.

*Many changes in financial instruments and techniques will be refinements of debit/credit cards, pass through securities, par-

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ticipation certificates, indexed securities, and equity participation financing.

*The differential between the return on funds and their cost will narrow for financial institutions in the next decade.

*Political pressure to return government agency functions to the private sector will continue.

*Pressures will grow on sponsored agencies to restrict their lending.

GOVERNMENT POLICY TOWARD AGRICULTURE AND FINANCE IN 1995

*There will be substantial declines in price support and in income enhancement programs for agriculture. Non-farm social programs will benefit the part time and middle group of farmers. Supply, price, and income stabilization will be the primary objectives of government policy. The government will play a role in other areas such as soil and water conservation, food quality and safety, and credit programs for agriculture.

*Supply and demand balance of agricultural production will be more difficult to achieve, despite its importance as a government policy.

*It is unlikely that the government can establish an effective long term ag trade policy due to diverse foreign and domestic interests.

*The trend toward a few large farms and many part time farms will continue.

*The trend toward involvement of diverse nontraditional ag groups and institutions in agricultural policy will continue. Traditional farm groups will find it increasingly difficult to control the ag policy agenda.

*Public support for the Farm Credit System will erode if the System serves only the large scale commercial farmer.

*The trend toward financial deregulation will continue at a moderate pace. The current financial regulatory structure will not change drastically.

*Congress will expect federally chartered financial institutions, especially the Farm Credit System, to demonstrate how they serve a public purpose.

*Government credit programs for special groups will remain. There will be substantial pressure from Congress or the Executive Branch to increase the tax burden on all financial institutions.

BUSINESS TECHNOLOGY IN FINANCE AND AGRICULTURE IN 1995

*Business technology will significantly change the work environment and will require different job skills.

*Deregulation and business technology will create a highly competitive, restructured financial services industry.

*Business and communication technology will permit widespread use of electronic payments systems.

*Business technology will drive the continued concentration, consolidation, and vertical integration of the ag community.

*Agriculture will be in the forefront in production technology, but behind other industries in business management technology.

HUMAN RESOURCE TRENDS THROUGH 1995

*Employees are less likely to be motivated by security and by purely monetary rewards (although compensation remains an important factor in the work equation) than by interesting jobs, individual participation, and risk taking and control.

*Unions are becoming increasingly aggressive in their efforts to organize white collar workers. White collar employes are more susceptible to union organizing efforts because of changes in values, demographics, and the economy. Financial institutions are becoming a target of unionization efforts; unions have been successful in 38 of their last 64 attempts to gain representation within these organizations.

*Technology will change the work environment from a labor intensive office configuration to an environment in which work can be performed in the home or in satellite offices. Technology can create greater flexibility in the location, scheduling and pace of work. Management will be challenged to make sure technology enhances the workplace without threatening the workers.

*The baby boom of the late 1940s currently provides employers with an ample manpower supply. It is a buyer's market. The low birth rates of the 1960s and 1970s will reverse this trend. Employers will face a seller's market.

*The slowing growth of the System and the short term surplus of professional employees will provide excess candidates for few promotional opportunities. Alternatives to traditional promotional routes will have to be developed.

*Currently the Farm Credit System appears advantageously positioned to conduct business as usual. Diversification in business activities could force recruitment of employees from nontraditional sources.

*In the longer term, the System will face a shortage of qualified candidates for professional positions as the rate of growth of the work force slows and increasing numbers of people pursue vocational training. A decline in applicants with farm backgrounds and agricultural related degrees may force the System to diversify its professional employment practices.

*Reward systems are changing in the financial industry. The need for diversified management talent, tax legislation, and changes in employee value systems have necessitated greater use of incentive pay, stock ownership by employees, and cafeteria benefit programs.

*The organizational structure of American business is changing radically. Employee participation is increasing, as are productivity and production quality. Jobs are designed to encourage employee innovation and risk taking. Small task force units, each with economic and managerial control over its own future, are evolving. The parent company focuses primarily on results.

EMERGING THEMES

There are many pieces in the puzzle. We do not yet understand how they all fit together. But some connections and reinforcing relationships seem clear. These emerging themes help to identify places where the old patterns are under the greatest pressure and most likely to break down.

Privatization-Agriculture will move away from government control toward a more independent existence. Clearly this process goes beyond agriculture (airlines, trucks, et cetera). Agriculture may be a special case due to the abundance of food, the tiny number of farm votes, the large size and apparent success of most significant food producers, and the divided posture of ag politics. The support received by many ag institutions such as USDA, land grant universities, the Forest Service, and others is declining, while private agencies are becoming more important in analysis,

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Review and Outlook

The Nebraska economy continues to generate jobs. In January 1985, the most recent month for which statistics are available, there were 30,000 more jobs in Nebraska than in January 1984 according to data released by the Nebraska Department of Labor. More importantly, job gains were evenly distributed across the state. Omaha added more than 15,000 jobs, while Lincoln gained 6,000 jobs, and 8,000 jobs were added outside the two metropolitan areas. *Employment data are subject to revision, but it seems safe to conclude from the employment data that the economy of Nebraska continues to expand.*

According to the Nebraska Department of Labor, total employment in January 1985 was 747,774. This amounts to a 4.2 percent increase for the state. The percentage gain in Omaha employment was 5.8 percent, while the growth in Lincoln was 6.0 percent. The area outside Lincoln and Omaha recorded a 2.5 percent rise in employment over the same period.

Employment growth is visible in all nonagriculture sectors. Manufacturing had nearly 2,000 more employees in January 1985 than in January 1984. Construction had 3,000 additional workers and the services sector employed 26,000 more persons in January 1985. Gains in manufacturing employment were not limited to Omaha and Lincoln, as the outstate area recorded a 4.1 percent increase. Construction employment was up in all three geographic segments of the state--Omaha, Lincoln, and the nonmetropolitan area. Services recorded a similar pattern of increase in employment with gains in the three regions.

The Nebraska expansion in employment is larger than U.S. employment growth according to figures compiled by the Nebraska Department of Labor. Nebraska employment is up 4.2 percent, compared with 3.0 percent nationwide (Table A). Manufacturing employment has increased 3.3 percent in the state, and 3.0 percent nationally. Construction and service employment have also gained more rapidly in Nebraska than U.S. employment in those sectors.

Table A
Employment by Sector
Nebraska and United States
January 1984 and January 1985

	State	Omaha	Lincoln	Balance of state	U.S.
Total Employment					
January 1985	747,774	286,063	108,207	353,504	104,344,000
January 1984	717,443	270,306	102,108	345,029	101,270,000
% Change	4.2	5.8	6.0	2.5	3.0
Manufacturing Employment					
January 1985	88,600	35,781	12,655	40,164	19,603,000
January 1984	85,767	35,436	11,761	38,570	19,030,000
% Change	3.3	1.0	7.6	4.1	3.0
Construction Employment					
January 1985	20,535	9,649	3,383	7,503	4,115,000
January 1984	17,260	7,705	2,559	6,996	3,779,000
% Change	19.0	25.2	32.2	7.3	8.9
Service Employment					
January 1985	638,639	240,633	92,169	305,837	80,626,000
January 1984	612,441	227,165	87,788	297,488	78,461,000
% Change	4.3	6.0	5.0	2.8	2.8

Source: Nebraska Department of Labor

Table B
Nebraska Personal Income
1981 to 1984 by Quarter
($ millions)

Year & Quarter	Nonfarm Nebraska Personal Income	% Change	Nebraska Personal Income	% Change
1981.4	15,658		17,020	
1982.1	16,014		17,297	
1982.2	16,263		17,159	
1982.3	16,486		17,091	
1982.4	16,717	6.8	17,655	3.7
1983.1	16,836	5.1	17,104	-1.1
1983.2	17,149	5.5	17,419	1.5
1983.3	17,512	6.2	18,200	6.5
1983.4	17,571	5.1	18,913	7.1
1984.1	17,928	6.5	20,065	17.3
1984.2	18,387	7.2	19,518	12.1
1984.3	18,824	7.5	19,891	9.3

Percentage changes are measured from one year previous

Nebraska's personal income was estimated at $19.9 billion in the third quarter of 1984. This represents a solid gain of 9.2 percent above the third quarter of 1983. The rate of increase peaked in the first quarter of 1984, however, when it was 17.0 percent above year previous levels (Table B). This may be a matter of concern as the rate of change in personal income seems to persist over five or six quarters--when a peak is reached and the rate of change drops, the trend usually extends for five to six quarters before a bottom is reached and the rate of change rises.

This pattern of four to six quarters of increasing rates of change in personal income followed by four to six quarters of declining rates of change in personal income may not persist this time because first quarter 1984 personal income statistics were distorted by an accounting procedure. The U.S. Department of Agriculture suggested that all payment-in-kind income be placed in the first quarter of 1984. This was an arbitrary accounting decision which may or may not reflect actual payment.

Nonfarm personal income--personal income with farm income removed--was $18.8 billion in the third quarter of 1984, 7.5 percent above one year previous. The rate of increase for nonfarm personal income is growing, suggesting the nonfarm Nebraska economy will continue to expand.

DONALD E. PURSELL

TABLE 1—CITY BUSINESS INDICATORS

December 1984	Employment*		Building Activity@		Net Taxable Retail Sales of Nebraska Regions and Cities†				
					City Sales		Region Sales		
Region Number and City	Number of Persons Employed	Percent of One Year Previous	Total Value of Building Permits Issued ($ thousand)	Percent of One Year Previous	Monthly Sales ($ thousand)	Percent of One Year Previous	Monthly Sales ($ thousand)	Percent of One Year Previous	Year to Date as percent of Previous Year to Date
The State	759,450	103.4	55,178.3	109.9	831,360	102.4	904,872	103.3	108.1
1 Omaha	196,417	101.9	16,409.9	130.2	281,914	104.5	341,997	105.7	114.2
Bellevue	44,542	106.6	840.4	80.7	16,392	120.9			
Blair	NA	105.1	40.1	125.3	3,682	95.9			
2 Lincoln	110,964	107.4	8,063.7	89.5	107,695	105.0	118,322	105.8	111.5
3 South Sioux City	7,364	103.2	123.0	106.1	3,575	103.4	5,100	98.7	105.2
4 Nebraska City	6,687	105.0	45.9	293.0	4,009	95.6	14,577	92.7	99.3
6 Fremont	17,592	103.6	989.8	133.3	15,150	93.9	26,966	93.1	99.1
West Point	5,592	103.0	NA	NA	2,416	82.7			
7 Falls City	4,126	103.1	11.2	159.0	2,734	94.9	9,415	101.5	97.4
8 Seward	6,577	108.3	175.0	117.9	3,221	92.9	11,716	90.0	99.8
9 York	8,128	107.1	234.7	117.0	5,914	96.3	12,029	91.7	100.6
10 Columbus	15,702	103.6	219.5	110.8	13,294	97.7	22,505	95.6	101.8
11 Norfolk	16,907	106.6	1,371.9	77.5	17,158	102.5	29,821	97.1	99.3
Wayne	4,531	110.8	1.3	68.1	2,752	81.8			
12 Grand Island	23,884	106.0	520.3	175.6	32,624	101.6	42,803	101.3	103.5
13 Hastings	15,061	106.0	74.2	300.2	14,975	93.7	23,480	93.3	101.7
14 Beatrice	10,264	103.0	28.5	57.9	7,454	95.4	16,235	95.7	95.4
Fairbury	4,466	99.4	75.0	121.5	3,108	97.0			
15 Kearney	20,251	111.1	1,210.4	101.4	17,148	109.4	22,645	104.8	104.3
16 Lexington	10,671	106.3	184.2	119.3	5,116	84.6	13,447	86.6	95.7
17 Holdrege	4,247	101.2	78.0	42.7	4,611	88.2	7,642	89.3	96.7
18 North Platte	15,166	102.5	152.5	157.1	15,088	89.7	17,872	89.3	98.9
19 Ogallala	4,647	98.3	NA	NA	4,831	114.8	9,784	109.9	102.0
20 McCook	5,001	109.6	357.2	360.7	7,965	103.5	10,997	103.9	100.8
21 Sidney	4,510	107.2	2.7	34.4	4,164	93.4	8,840	101.1	103.3
Kimball	2,720	105.0	NA	NA	2,447	98.7			
22 Scottsbluff/Gering	17,134	98.6	71.6	29.2	17,719	100.6	23,850	100.2	100.4
23 Alliance	7,132	102.8	107.9	83.0	6,253	98.3	14,419	97.5	99.3
Chadron	4,339	112.0	4.3	32.2	3,093	99.4			
24 O'Neill	5,114	101.6	NA	NA	3,999	95.9	11,973	92.2	94.9
25 Hartington	4,552	102.8	NA	NA	1,531	91.7	7,197	93.2	91.8
26 Broken Bow	5,363	98.9	49.9	399.2	3,370	90.4	10,532	92.0	93.4

* As a proxy for city employment, total employment for the county in which a city is located is used

@ Percent of year previous is based on a nine month spreading factor to reflect the construction process. Price is adjusted with the construction cost index. State total is the sum of cities listed. Broken Bow building permit values are spread over an estimated period of construction

† State totals include sales not allocated to cities or regions. The year-to-year ratios may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales data were obtained from the Nebraska Department of Revenue

YEAR TO DATE AS PERCENT OF PREVIOUS YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS

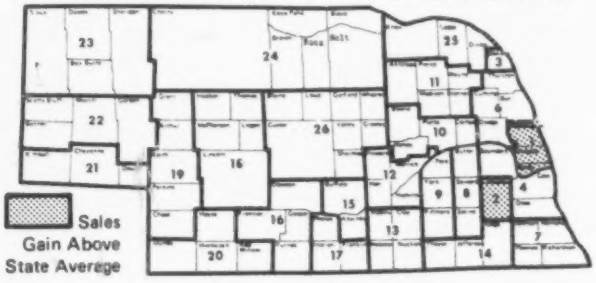


TABLE 2—PRICE INDEXES

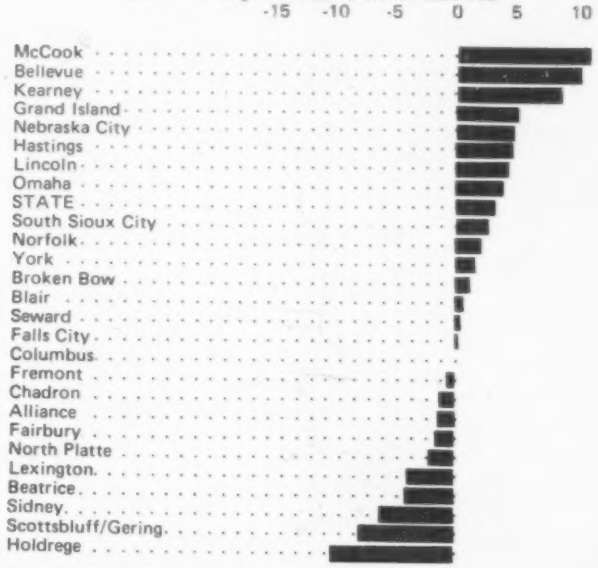
December 1984	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	315.5	104.0	104.2
Commodity Component	282.8	102.6	103.4
Wholesale Prices	309.9	101.2	102.4
Agricultural Prices			
United States	253.0	96.6	105.6
Nebraska	256.0	97.7	102.9

* Using arithmetic average of monthly indexes

Source: U. S. Bureau of Labor Statistics, U.S. Department of Agriculture

CITY BUSINESS INDEX

Percent Change from Same Month Last Year



Source: Table 1 above

(continued from page 3)

forecasting, et cetera. All indications point toward a continuation of this pattern.

Market Orientation/Entrepreneurship-Society has spent billions protecting the farm and finance industries from the forces of the economy. Society is no longer willing to pay that price. A more active, less passive agriculture sector must emerge. Agriculture must become more aggressive, more market oriented, and more entrepreneurial.

Changing Corporate Culture-The System's source of employees will become less agriculturally and more business oriented.

Segmentation of Agriculture-In the past, most government farm programs related to all producers. The same was true for cooperatives and other agribusiness. In the future, the commercial farmers and the part time small farmers will diverge. Farm interests will be divided. Small farmers are numerous and more powerful politically, yet their concerns often run counter to those of the large commercial farmer. The government becomes increasingly insensitive, even hostile, to commercial agriculture. Coops are forced to treat some members differently than others. This conflict of small and large farmer threatens to destroy the harmony essential for coping with a risky future.

Supermarketization-The American supermarket was the first distribution agency to embrace a broad spectrum of products from many different manufacturers. This concept seems likely to emerge in the transition period in financial and related services; insurance, tax management, marketing information, leasing, loans, estate planning, investments, cash flow management, and other services may become part of a new high tech financial distribution channel. The Farm Credit System cannot afford to get in the position of the vanishing independent meat market--the supermarket has made the meat market a thing of the past.

Globalization-The markets for ag commodities, finished goods, and loanable funds are affected by world events. As the role of government declines, these events carry even greater impact. As agriculture becomes more dependent on export markets, prices and farm income will unavoidably vary more year-to-year. Increased risk will make financing agriculture and cooperatives more difficult.

Growing Pace of Change-Market change is much less sluggish than government change. Growing business technology moves information quickly–both inside the firm and around the world. This leads to shorter market response patterns. Change will be inevitable and will increase in velocity.

Rural America-Part time farmers depend on the local economy for income. Even families operating megafarms are less self-sufficient than farmers of the past. American agriculture depends on the viability of the rural economy. The individual farmer depends just as much on the local economy as agriculture depends on the world economy.

Traditional sources of funds for the rural economy are changing in structure and commitment to the local community. Commercial banks are dwindling in number. The banks that remain are developing stronger affiliations with major urban financial centers and mainstream investment opportunities. The Farm Credit System may need to support a broader range of economic activity to counter the influence of this trend on farm families.

Project 1995 was sponsored by the Farm Credit System, a business organization that provides more than one-third of the financial needs of America's agricultural producers and cooperatives. The Farm Credit System is composed of Federal Land Banks, Federal Lank Bank Associations, Federal Intermediate Credit Banks, Production Credit Associations, and Banks for Cooperatives.

BUSINESS IN NEBRASKA
PREPARED BY BUREAU OF BUSINESS RESEARCH
Member Association for University Business & Economic Research

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April 1985 Vol. 40 No. 487

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